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S E C R E T SECTION 01 OF 03 SHANGHAI 000642

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E.O. 12958: DECL: X1 MANUAL REVIEW
TAGS: [PGOV](#) [PINR](#) [ECON](#) [SOCI](#) [CH](#)
SUBJECT: POLITBURO MEETS, PERSONNEL WRANGLING CONTINUES

REF: A) SHANGHAI 662; B) CPP20070921701003

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CLASSIFIED BY: Simon Schuchat, Deputy Prinicipal Officer, U.S.
Consulate , Shanghai .
REASON: 1.4 (b), (d)

11. (S) Readouts from a recent Politburo meeting during the week of September 16 initially suggested that President Hu Jintao had sustained serious political losses in personnel maneuvering. However, more recent information suggests that Hu has since recovered at least some ground, although he may not be able to accomplish everything he wants to at the Party Congress. While it appears likely that Vice President Zeng Qinghong will retire, and several of Hu's proteges are poised for Politburo or Politburo Standing Committee (PBSC) promotion, Hu will likely not be able to name his own successor. Instead, two or three candidates will be vying for the spot, one of whom is not necessarily beholden to Hu. The Politburo also determined that there will be an election of PBSC positions at the Congress with at least one more candidate than slots. National People's Congress (NPC) Chairman Wu Bangguo has joined the list of PBSC members with cancer and is rumored to have recently been recuperating in Shanghai. Meanwhile, Hu is continuing to undermine Jiang's influence, including going after at least two of his lovers. End summary.

Secret Calls And Great Consternation: Hu Worse Off Than

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Believed?

12. (S) During a September 27 phone conversation, Carlyle Group chief China representative Luo Yi said that on the 26th, a "friend" had phoned him with the news that Zeng Qinghong will not be stepping down. During the middle of the previous week,

several "insiders" began calling him--starting at 0700--distracted over the news that there would not actually be much change in the distribution between the Hu and Jiang factions. The insiders informed Luo that Hu was unable to "get everything he wants." (Note: Luo is friends with a number of the children of top leaders, including Hu Jintao's son. End note.)

13. (S) During a September 28 discussion, Nanjing University Professor Gu Su explained that the final Politburo meeting prior to the Party Congress had been convened early in the week of September 16. (Comment: This is likely the meeting that prompted the phone calls to Luo. End comment.) However, Gu had also received information in the week of September 23 that suggests that behind the scenes negotiations have continued since the Politburo meeting and that Hu has subsequently fared better.

14. (S) According to Gu, Hu had been toying with the idea of retaining Zeng, noting that Zeng is, at times, a helpful person to have. However, there was a great deal of opposition to the idea. Many provincial leaders are upset over Zeng's perceived policy favoritism towards Shanghai, and many party elders believe him to be "too ambitious." As of the week of September 23, the word is that the "seven-up, eight-down rule" will be enforced across the board without exception and Zeng will retire. Gu also pointed out that Zeng's protege Wang Gang was replaced on September 19 as head of the Party's General Office by long-time Hu protege Ling Jihua. (Comment: It is possible that Hu intended his supposed support for Zeng's retention to incite a strong reaction from within the party calling for Zeng to resign, ensuring Hu would not have to take the responsibility for Zeng's ouster. End comment.)

15. (S) Moreover, Gu said that at the Politburo meeting, the decision was finalized that there will be only seven positions on the PBSC. Hu proposed that there be eight candidates for the seven slots. Zeng initially opposed the plan, but Hu overruled him. Consequently, there will be an "election" of sorts for the PBSC slots, with the loser being relegated back to a Politburo

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seat. Gu said that the procedure would not be made public for fear of causing the loser to lose face.

Multiple Candidates for Top Party Post in 2012

16. (S) In what might be perceived as a Hu loss, Gu noted that it was also decided at the Politburo meeting that Hu would not be able to name his successor. Instead, two, possibly three candidates for the job will be selected at the Party Congress who will then compete over the next five years for the position. Liaoning Party Secretary Li Keqiang and Shanghai Party Secretary Xi Jinping will both likely be moving to the PBSC as

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Hu's successor candidates. This was decided after public opinion polling conducted at the behest of the PBSC found Xi to be one of China's most popular leaders and several people within the party expressed unease with Li's factional biases.

17. (S) Although a princeling, Xi is not viewed by people within the top levels of the party as much a part of the "princeling party" faction as was Zeng Qinghong, nor is he seen as being tied into the Communist Youth League Faction or other factions. Li Keqiang--Hu's personal choice as successor--on the other hand, is clearly seen as a factional candidate and does not have the same popularity as Xi. A possible third candidate, Jiangsu Party Secretary Li Yuanchao, also a Hu protege and a popular leader, may also enter the fray. Li's greatest strength would be his ties to the PLA leadership (see septel). Xi's popularity within the Party was demonstrated during the Politburo election in March 2007 to determine the new Shanghai Party Secretary. Gu said that Xi had received 16 votes while candidates Li Yuanchao

and United Front Work Department head Liu Yandong had only received 3-4 votes apiece. (Comment: Having multiple candidates to succeed Hu could also be spun as a move toward greater intra-party democracy, rather than simply Hu's failure to name his own successor. End comment.)

Wu Bangguo: Recovering in Shanghai, May Not Return

18. (S) Gu was intrigued when Poloff mentioned a press report (Ref B) claiming that in addition to former Shanghai Party Secretary Chen Liangyu and deceased Vice Premier Huang Ju, a

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third individual who was "recuperating in Shanghai" were all implicated in the Shanghai pension fund scandal. Gu immediately piped up that the individual in question is probably NPC Chairman Wu Bangguo. Wu had been out of the press for 20 days prior to a recent meeting with a Russian parliamentary head. Moreover, Gu has heard rumors that Wu had recently returned to Shanghai for surgery related to cancer. Wu, Gu assessed, is probably implicated in the Chen Liangyu case. Gu has very recently heard rumors that Wu will be retiring at the Party Congress.

Top-level Replacements

19. (S) Gu said that at the Party Congress, Xi Jinping will replace Zeng Qinghong on the PBSC as Vice President with oversight of the Organization Department. Li Keqiang, initially Hu's choice to replace Zeng, will now be filling in Huang Ju's slot as Executive Vice Premier. The top two contenders to replace Central Discipline Inspection Commission (CDIC) Chairman Wu Guanzheng are his deputy He Kang, and Public Security Minister Zhou Yongkang. Hu is supporting He Kang's bid for the position and he does not like Zhou, considering him to be too close to Zeng. Initially, Hu had hoped to promote National People's Congress Vice Chairman Wang Zhaoguo to the CDIC slot, but could not get any traction within the leadership for the move.

110. (S) On the Politburo (or potentially the PBSC), Li Yuanchao is the frontrunner to replace He Guoqiang as head of the Organization Department, although it is not certain He will vacate the job. Gu said that the Politburo will have at least

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one female representative and that Hu is currently promoting Qinghai Governor Song Xiuyan as his primary choice. Hu is also favorably disposed toward Liu Yandong, but prefers Song since she is in her late 40s (Liu is in her early 60s). Gu thinks it is possible that both women could be elected.

111. (S) Minister of Commerce Bo Xilai and Guangdong Party Secretary Zhang Dejiang are the leading candidates to take up

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the other two vice premier slots. The slot would also entail a Politburo promotion for Bo. Bo's prospects from there are clouded, however, since he is widely unpopular with party elders who despise his father and view the young Bo as too ambitious. Several years ago, Bo had ordered the arrest of a Hong Kong journalist who worked for the sensationalist newspaper "Kaifang" in Liaoning for publishing articles that linked Bo to corruption scandals. The journalist had been sentenced to eight years in prison, but about six months after Bo left Liaoning for Beijing, the journalist was released one year early for "good behavior." Gu opined that someone or some people in the central leadership sought to remind people that Bo may have problems in his past. This may also have been a reminder to Bo that his power--especially his power to hush criticism of himself--is limited.

Jiang's Vestiges Going Away

¶12. (S) Gu said that former President Jiang Zemin's influence within the Party continues to decline and would likely be reduced to almost nothing after the Party Congress. Aside from Zeng retiring and Huang Ju dying, PBSC member and propaganda chief Li Changchun would retire, despite only being in his early 60s. Li's main problems are his connections to organized crime in Henan and Liaoning (see Septel). Li is suffering from stomach cancer, Gu said, and will use that as an excuse to step down. (Note: In Ref A, Luo Yi stated Li was diagnosed with liver cancer. End note.) Gu said people were commenting that it is "sad" that Jiang's proteges all seem to have corruption problems and are seeming to all also develop cancer.

Jiang's Ladies Laid Low

¶13. (S) According to Gu, several of former President Jiang's female friends have found themselves in trouble, further evidence that his influence is declining. For instance, Shenzhen Party Secretary and long-time Jiang consort Huang Liman's network is being undercut. Two of her proteges, Shenzhen Deputy Party Secretary Li Yizhen and the Shenzhen Education Bureau Director, were recently arrested on charges of corruption. Also, State Councillor Chen Zhili, a former Jiang dance partner and romantic interest, is set to retire at the Party Congress. Chen, who oversees the State Council education portfolio, has come under heavy fire recently over her policies on education and her handling of the university system. JARRETT